

DR BEYERS NAUDE MUNICIPALITY



2018/19 – 2020/21
DRAFT ANNUAL BUDGET

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PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

On 3 August 2016, the Dr Beyers Naude Municipality was established. This Council was tasked with ensuring that this newly established municipality remains functional, deliver services to the community and provide for social responsibilities to especially the poor.

During my inaugural speech on 18 August 2016 as the Mayor of the Dr. Beyers Naudé Local Municipality, I committed myself, the Councillors and Officials to make this new Municipality the best in the District. Now nearly two years later our commitment still stands firm. Amidst all the challenges we are still facing I want to urge all Councillors and employees to keep up the good work.

We cannot achieve our goal without the support of our communities, stakeholders, government departments, businesses and all other sectors of society. It is therefore of vital importance that we keep on improving on our communications with the various stakeholders.

Currently the Dr Beyers Naudé Local Municipality faces severe financial challenges, infrastructure deficits and services are hampered as a result of the cash flow constraints. The municipality was confronted with an unfunded budget since incorporation in August 2016. Council needs to ensure that the municipality implements procedures to move away from the unfunded budget. This is the only way that the municipality will recover financially and will be able to deliver on its constitutional mandates.

A Financial Recovery Plan was developed to try and balance the budget, reduce debt to sustainable levels, benchmark its revenue and expenditure – to provide for its current contingent liabilities and to build reserves to invest in infrastructure that will promote its development and shared growth.

The revised Integrated Development Plan (IDP) for the period 2017 to 2022 was compiled in conjunction with all communities. The IDP is regarded as “the most important planning tool” of a municipality. It is our five-year plan which sets out the development needs of all wards and is used to determine which projects a municipality funds in a particular year. The IDP and Budget needs to be aligned with one another. This is illustrated through our Service Delivery and Budget Implementation Plan.

The draft budget for 2018/19 remains unfunded. The municipality requires an investment of R40 million to ensure that the budget is funded. Some firm decisions had to be made with regards to the tariff increases to ensure that the municipality moves towards becoming financially sustainable. In reviewing our tariffs it was a concern to see that our tariffs are not in line with the cost of providing the service. Although there is still much to be done to ensure that services are correctly costed, baseline information already indicates huge deficits per service.

For this reason it was decided that tariffs had to increase in excess of the CPI inflation rate as stipulated by National Treasury. The municipality is facing severe challenges with infrastructure, fleet and tools to ensure that services are delivered to our community. The municipality also inherited tariffs which was vastly different for the previous disestablished municipalities. This needs to be addressed as soon as possible. In our first attempt to move towards uniform tariffs for the towns it was decided that:

- All towns not yet on step tariffs for electricity will be moved to step tariffs
- The refuse collection tariff will be made equal in all towns – thus all towns will be moved to the highest of the tariffs currently on the tariff structure.

The budget provides for assistance to the poor and includes the following social package:

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates

National Treasury highlighted some critical information on national level:

- The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation
- The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.
- These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In addition, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures
- Consumer Price Inflation (CPI) for the next three years are estimated at 5.3%, 5.4% 5.5%
- Local government direct and indirect transfers accounts for 18.8 per cent of the reductions in transfers
- The 2017 MTBPS announced a new funding mechanism to support recovery plans for municipalities that face a financial crisis, as provided for in section 139(5) of the Constitution. A new municipal restructuring grant will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around

- The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent
- Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

The Council would like to thank all residents, ward committees, sector departments and stakeholder groups who actively participated in the review of the IDP.

We look forward to building on our relationship with all stakeholders and continually improving on the municipality's planning processes so that, together, we can achieve our vision of becoming "A responsive, developmental and unifying Local Government providing quality services to its citizens in a safe, healthy and well-managed environment, with equal opportunities for all."

CLR DEON DE VOS
MAYOR

1.2 COUNCIL RESOLUTIONS

(a) The Mayor recommends that the Council resolves that:

1. The draft annual budget of the Dr Beyers Naude Municipality for the financial year 2018/19 and the indicative allocations for the projected outer years 2019/20 and 2020/21; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, as set-out in the following tables:

1.1 Consolidated Budget Summary – Schedule A1

1.2 Budgeted Financial Performance (revenue and expenditure by standard classification) – Schedule A2

1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Schedule A3

1.4 Budgeted Financial Performance (revenue by source and expenditure by type) – Schedule A4

1.5 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source – Schedule A5

2. The budgeted financial position, budgeted cash flows, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

2.1 Budgeted Financial Position – Schedule A6

2.2 Budgeted Cash Flows – Schedule A7

2.3 Cash backed reserves and accumulated surplus reconciliation – Schedule A8

2.4 Asset management – Schedule A9

2.5 Basic service delivery measurement – Schedule A10

3. The tariffs be increased as follows, with effect from 1 July 2018:

Property rates	-	6%
Water	-	6%
Sanitation	-	6%
Refuse	-	7%
Electricity	-	7%

4. The electricity tariffs for all residents be converted to the step tariffs and be uniform in all Towns

5. The refuse tariffs for all towns be uniform for both residents and businesses

1.3 **EXECUTIVE SUMMARY**

The key service delivery priorities, as outlined in the IDP, informed the development of the Budget, including the need to maintain and improve the Municipality's financial sustainability.

Furthermore, cost containment measures are being implemented to curb costs and to improve operational efficiency.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89 and 91 were used to guide the compilation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality faced the following significant challenges during the compilation of the 2018/19 MTREF:

- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Different tariff structures in the different towns (from disestablished municipalities);
- Fully implementing cost containment measures;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure; and
- Maintaining an acceptable cost coverage ratio;

The following budgeting principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- The need to enhance the municipality's revenue base.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.

In view of the aforementioned, the following table represents an overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 (Overview of the 2018/19 MTREF)

	Current Year	2018/19 Medium Term Revenue and Expenditure		
	Adjusted Budget 2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Revenue	399 259	342 359	345 379	363 269
Total Expenditure	440 304	381 081	397 103	414 669
Surplus/(Deficit)	(41 044)	(38 721)	(51 724)	(51 400)
Capital Expenditure	72 179	44 884	31 647	30 463

Total operating revenue has decreased by 14.25% or R 56.9 million for the 2018/19 financial year, compared to the 2017/18 Adjustments Budget.

The decrease is a result of the accounting for the Cost of Free Basic Services which was accounted for as an expense in the previous financial year, whilst it should have been a reduction to revenue.

For the two outer years, operational revenue increases by 0.88% and 5.18% respectively.

Total operating expenditure for the 2018/19 financial year amounts to R 381.081 million, resulting in a budgeted deficit of R 38.721 million. Compared to the 2017/18 Adjustments Budget, operational expenditure decreased by 13.34% in the 2018/19 Budget. As mentioned this is due to the accounting treatment for Cost of Free Basic Services which was incorrect in the previous financial year.

For the two outer years, operational expenditure increases by 4.20% and 4.42% respectively. The 2019/20 and 2020/21 budgets reflect operating deficits of R 51.724 million and R 55.400 million respectively.

The major operating expenditure items for 2018/19 are employee related costs (34.66%), bulk electricity purchases (23.09%), depreciation (9.30%) and other expenditure (23.91%).

Funding for the 2018/19 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection (44.63%), property rates (8.64%), grants and subsidies received from National and Provincial Governments (41.49%).

In order to fund the 2018/19 Operating Budget, the following increases in property rates and service charges have been proposed, with effect from 1 July 2018:

Property rates	-	6%
Water	-	6%
Sanitation	-	6%
Refuse	-	7%
Electricity (average increase in income)	-	7%

It is further proposed that the electricity tariff for residents in all towns be standardised and converted to block tariffs. The refuse tariff will be standardised and increased to the highest tariff currently on the tariff structure.

The capital budget of R 44.884 million for 2017/18 is R 27.295 million or 37.82% less than the 2017/18 Adjustments Budget. The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as limited internal funding is available and long term borrowing has not been considered due to the financial constraints of the municipality.

The budget provides for assistance to the poor and includes the following social package:

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates

All budget related policies is currently under review and will be extensively workshopped with Councillors and staff . The policies will also be subjected to public participation.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services, is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of vital importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- Tariff Policies;
- Property Rates Policy;
- Indigent Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to take into account the maintenance and replacement of infrastructure, including the expansion of services;
- Determining fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Efficient revenue management, targeting a 92% annual collection rate for property rates and service charges.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 (Summary of main revenue sources)

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Revenue By Source</u>				
Property rates	39 445	29 579	31 354	33 235
Service charges - electricity revenue	97 672	101 549	107 642	114 101
Service charges - water revenue	29 304	25 470	26 998	28 618
Service charges - sanitation revenue	15 409	10 301	10 919	11 574
Service charges - refuse revenue	11 680	11 463	12 151	12 880
Service charges - other	1 015	4 013	4 254	4 509
Rental of facilities and equipment	783	849	900	954
Interest earned - external investments	2 339	2 015	2 136	2 265
Interest earned - outstanding debtors	2 768	9 713	10 296	10 914
Dividends received	—			
Fines, penalties and forfeits	72	76	81	85
Licences and permits	1 416	1 501	1 591	1 686
Agency services	2 530	2 682	2 843	3 013
Transfers and subsidies	113 919	97 527	100 326	106 744
Other revenue	1 189	1 104	1 170	1 240
Gains on disposal of PPE	6 593	—	—	—
Total Revenue (excluding capital transfers and contributions)	326 134	297 842	312 661	331 819

In the 2017/18 financial year, rates and service charges amounted to R194.526 million. This decreases to R182.376 million in 2018/19 and increases to R193 319 million and R 204.917 million in the 2019/20 and 2020/21 financial years, respectively.

The decrease in 2018/19 is due to the Cost of Free Basic services being accounted for as a deduction from revenue instead of an expense as in 2017/18.

The major operating revenue sources for 2018/19 are electricity (34,09%), Operating grants (32,74%) and property rates (9,93%).

The following table provides a breakdown of the various operating grants and subsidies allocated to the Municipality over the medium term:

Table 3 (Operating Transfers and Grant Receipts)

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
RECEIPTS:				
-				
<u>Operating Transfers and Grants</u>				
National Government:	91 669	90 395	94 038	100 079
Local Government Equitable Share	77 494	83 278	90 038	97 079
Finance Management	5 945	6 085	4 000	3 000
Energy Efficiency and Demand Management				
EPWP Incentive	1 383	1 032	-	-
		-	-	-
Demarcation grant	6 847	-	-	-
Provincial Government:	18 512	3 593	2 537	2 689
Amalgamation	4 000	-	-	-
Finance Management support	1 085	-	-	-
Library	2 258	2 393	2 537	2 689
Economic development and Environmental Affairs	2 554	-	-	-
Eskom assistance grant	3 721	-	-	-
Dept of Public Service & Administration	4 500	1 106	-	-
Dept of Human Settlements	94	94	-	-
Special day events - various gov depts	301	-	-	-
District Municipality:	3 358	3 242	3 436	3 642
Fire	1 850	1 962	2 079	2 204
LED	200			
Environmental Health	1 208	1 280	1 357	1 438
SMME development	100			
Other grant providers:	380	297	315	333
SETA	280	297	315	333
IDC	100			
MIG PMU	0			
Total Operating Transfers and Grants	113 919	97 527	100 326	106 744

The Municipality is faced with the significant challenge of providing services with its limited financial resources. Against this background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows:

1.4.1 Property Rates

The following provisions in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- Indigents receives 100% subsidy on the rates levied for the year.

A property rates increase of 6% is proposed as from 1 July 2018.

The proposed property rates increase is mainly influenced by the following:

- Employee related costs increased by 6%;
- Providing for debt impairment.

The new valuation roll will be compiled during the 2018/19 financial year with implementation date 1 July 2019. It is not foreseen that revenue from this source will grow beyond the recommended price increase for 2018/19.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89 and 91: Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that water tariffs are fully cost reflective by 2014/15. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF.

The prevailing drought makes it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services

Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines has become more critical. The municipality is currently monitoring water losses on a monthly basis, but are faced with a huge number of metres that are faulty. This contributes to the inaccurate billing and collection of water tariffs. Grant funding

has been received to begin a study on all faulty metres and areas of water losses. The project started during the 2017/18 financial year and will be completed during the 2018/19 financial year.

A tariff increase of 6% is proposed as from 1 July 2018. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6%;
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 7.32% as from 1 July 2018. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 7% on average to offset the additional electricity bulk purchase costs as from 1 July 2018.

The proposed tariff increases are mainly influenced by the following:

- Employee related costs increased by 6%;
- The cost of bulk electricity purchases increased by 7.32%;
- Repairs and maintenance of electricity infrastructure
- Providing for debt impairment.
- Tariff not cost reflective

The population of the municipality is relatively stagnant and minimal growth is expected over the MTREF. It is thus estimated that the revenue will only grow with percentage of price increases. The municipality will convert all residential tariffs in towns which were included during the amalgamation, to step tariffs during the 2018/19. It is anticipated that the impact will be minimal on revenue growth.

The proposed electricity tariff increases, still require approval by NERSA.

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89 and 91 municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014/15. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF.

A tariff increase of 6% is proposed as from 1 July 2018. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6%;
- Providing for debt impairment.

1.4.5 Refuse Collection and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective by 2015. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF. The municipality will however standardise this tariff during the 2018/19 financial year in all towns within the jurisdiction of the municipality except Rietbron. The tariff will be increased to the highest tariff on the current tariff structure.

The revenue generated from refuse collection is not sufficient to ensure proper service delivery. The municipality is facing challenges with regards to infrastructure, fleet and tools.

A tariff increase of 7% is proposed for refuse collection, as from 1 July 2018 up and above the increase needed to standardise the service.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6%;
- Providing for debt impairment
- Provision for landfill sites
- Tariff not cost reflective

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 4 (Summary of operating expenditure by standard classification item)

Description R thousand	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Expenditure By Type</u>				
Employee related costs	127 372	132 086	140 011	148 412
Remuneration of councillors	9 324	9 884	10 477	11 105
Debt impairment	14 860	3 500	3 710	3 933
Depreciation & asset impairment	65 165	35 453	37 580	39 835
Finance charges	5 298	5 576	5 966	6 384
Bulk purchases	82 000	88 002	93 283	93 283
Other materials				
Contracted services	11 610	15 268	16 184	17 155
Transfers and subsidies	187	199	211	224
Other expenditure	124 450	91 113	89 681	94 340
Loss on disposal of PPE	37	–	–	–
Total Expenditure	440 304	381 081	397 103	414 669

The total operating expenditure decreased by R 59,223 million (13.45%) from R 440,304 million in 2017/18 to R 381,081 million in 2018/19. Below is a discussion of the main expenditure components.

Employee related costs

The 2018/19 budget provides for a general increase of 6%. The salary and wage negotiations is still ongoing and the outcome will be communicated to municipalities as soon as it has been concluded.

The total budget provision of R 132,086 million represents an increase of 3.7% over the 2017/18 Adjustments budget and is based on actual expenditure in the 2017/18 financial year.

Council has approved the absorption of all month to month contract workers who were employed at time of amalgamation. Appointment date is 1 March 2018. Although the salary component is included in this draft budget, finance department must still evaluate the total cost to company which will only be available at the end of March 2018.

Employee related costs in the 2018/19 Budget, represent 34.66% of the total operating expenditure

Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs, in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in preparing the budget. As the budget provides for a 6% increase, Councillors' remuneration should be limited to the budget allocated for this purpose.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 93%. Based on the disclaimer audit opinion received for 2017/18 and the challenges experienced with preparation of annual financial statements after amalgamation, especially with regards to the take on balances, Council adopted a merger approach document.

This document provides for the take on of trade debtors at net book value and as a result thereof a huge write off of debt will happen before the end of 2017/18 financial year. This has an effect on the provision for debt impairment and as such it is anticipated the debt impairment will decrease from R14.8 million to R3.5 million.

While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

The merger approach document will also have an effect on the depreciation calculations. Property Plant and Equipment will be restated to net book value at date of amalgamation. This will become the new cost price of PPE and as such have a huge influence on the depreciation calculation and accumulated depreciation. It is anticipated that depreciation will decrease from R65.1 million to R35.4 million in 2018/19.

Finance Charges

Finance charges consist primarily of the repayment of interest on outstanding trade creditors. The municipality is currently facing severe cash flow problems and is unable to pay creditors within the 30 days as required by legislation.

Bulk Electricity Purchases

The bulk purchases of electricity increased by R 6 million (7.32%), from R 82 million in 2017/18 to R88 million in 2018/19.

NERSA has approved a 7.32% increase in the Eskom bulk tariff for the 2018/19 financial year. The 2018/19 budget accordingly allows for a 7.32% increase for bulk electricity purchases from Eskom.

Repairs and Maintenance

Repairs and maintenance for 2018/19 amounts to R18.285 million and equates to 4.8% of the total operating expenditure.

Contracted Services

In the 2018/19 financial year, the budget provision amounts to R 15.268 million and equates to 4% of the total operating expenditure.

Transfers and Subsidies

In the 2018/19 financial year, the budget provision amounts to R 199 thousand and includes transfers to the local tourism organisation and SPCA.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality.

The expenditure decreased by R 33.337 million or 26.70% for 2018/19 and equates to 23.93% of the total operating expenditure.

The graph below reflects the main expenditure components included in other expenditure:

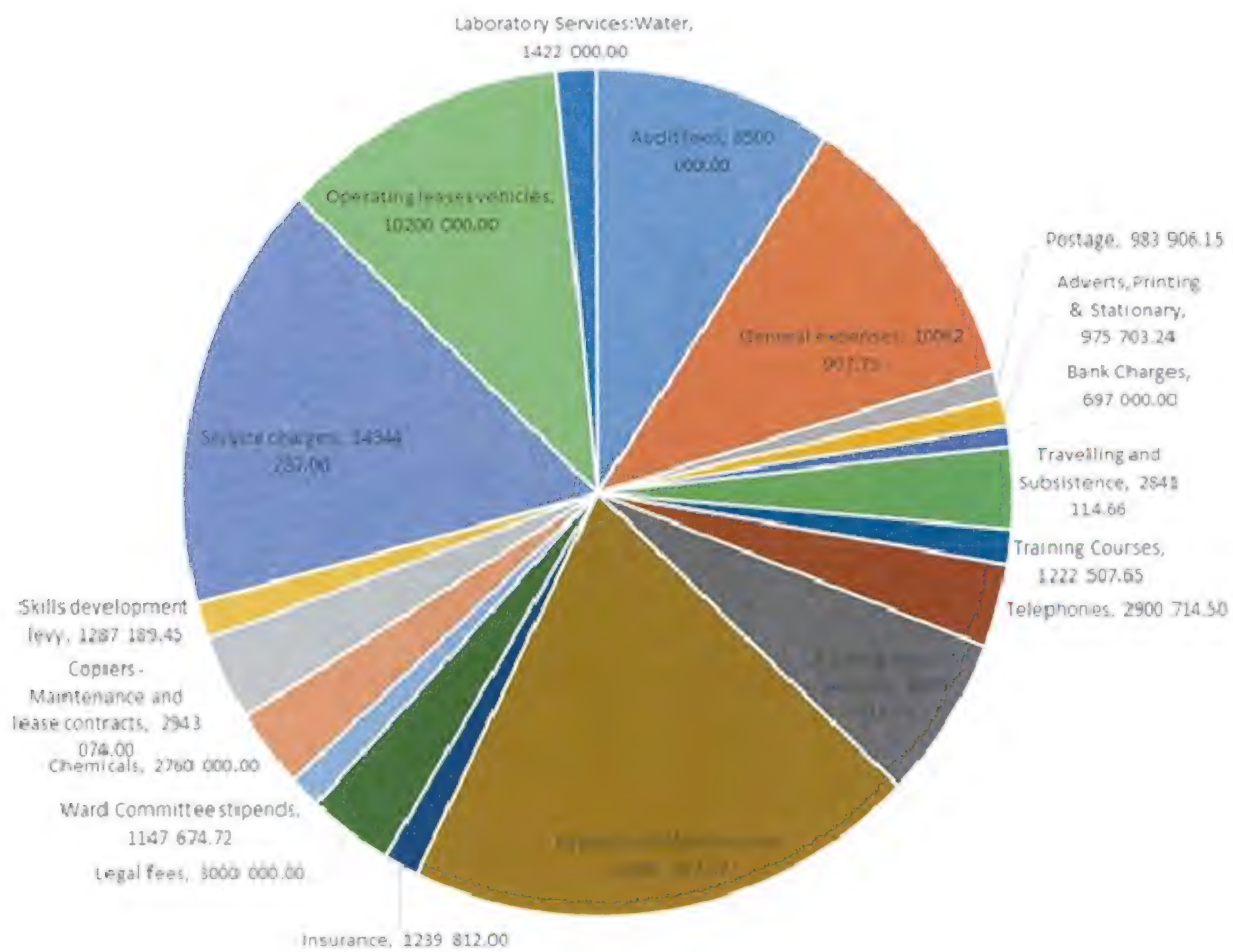


Figure 1 Main expenditure categories included in other expenditure for the 2018/19 financial year

1.5.1 Priority relating to repairs and maintenance

The repairs and maintenance expenditure in the 2018/19 financial year, increased by R 8,524 million or 87%, compared to the 2017/18 Adjustments Budget.

In relation to the total operating expenditure, repairs and maintenance constitutes 4% for the 2018/19 financial year and 4.88% for the 2019/20 and 4.96% for the 2020/21 financial years, respectively.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 5 (Repairs and maintenance per asset class)

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>				
<u>Infrastructure</u>	7 366	15 780	16 727	17 731
Roads Infrastructure	1 483	5 955	6 312	6 691
Roads	1 483	5 200	5 512	5 843
Road Furniture		268	285	302
Capital Spares		486	516	546
Storm water Infrastructure	503	247	262	277
Storm water Conveyance	503	247	262	277
Electrical Infrastructure	879	4 249	4 504	4 774
HV Substations		95	100	106
HV Transmission Conductors	808			
MV Substations	71			
MV Networks		753	798	846
LV Networks		2 699	2 861	3 032
Capital Spares		703	745	790
Water Supply Infrastructure	2 911	3 299	3 497	3 707
Reservoirs	259	170	180	191
Water Treatment Works	2 652	3 130	3 317	3 516
Sanitation Infrastructure	1 315	1 430	1 516	1 608
Reticulation	839	733	777	824
Waste Water Treatment Works	476	697	739	784
Solid Waste Infrastructure	274	600	636	674
Waste Transfer Stations	274	600	636	674
<u>Community Assets</u>	727	688	729	772
Community Facilities	312	318	337	357
Halls	14	130	138	146
Clinics/Care Centres	104			
Fire/Ambulance Stations	45	46	48	51

<i>Testing Stations</i>	–	60	64	67
<i>Libraries</i>	43			
<i>Cemeteries/Crematoria</i>	–	5	5	6
<i>Police</i>	61			
<i>Parks</i>	–	50	53	56
<i>Airports</i>	45	27	29	30
Sport and Recreation Facilities	415	370	392	416
<i>Indoor Facilities</i>				
<i>Outdoor Facilities</i>	415	370	392	416
Other assets	470	842	893	947
Operational Buildings	470	842	893	947
<i>Municipal Offices</i>	470	827	877	930
<i>Workshops</i>		15	16	17
Computer Equipment	933	239	254	269
Computer Equipment	933	239	254	269
Furniture and Office Equipment	2	134	142	150
Furniture and Office Equipment	2	134	142	150
Machinery and Equipment	246	541	573	607
Machinery and Equipment	246	541	573	607
Transport Assets	17	62	65	69
Transport Assets	17	62	65	69
Total Repairs and Maintenance Expenditure	9 761	18 285	19 383	20 545

For the 2018/19 financial year an amount of R 15.780 million (86.30%) of total repairs and maintenance, will be spent on infrastructure assets.

A total of R1.4 million of repairs and maintenance budget will be ring fenced for Ward projects – R100 000 per Ward. The Ward projects will have set criteria which will be developed and Ward Councillors will be responsible for identifying and monitoring of the projects that will be launched from these funds

1.5.2 Free Basic Services: Indigent Support

The indigent support assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services the households are required to register in terms of the Municipality's Indigent Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the indigent support of the registered indigent households is largely financed by national government through the local government equitable share allocation, received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 (2018/19 Medium-term capital budget per vote)

R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Single-year expenditure to be appropriated</u>				
Vote 1 - EXECUTIVE & COUNCIL	2 302	–	–	–
Vote 2 - CORPORATE SERVICES - ADMINISTRATION	69	–	–	–
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES	9 650	–	–	–
Vote 4 - CORPORATE SERVICES - PROTECTION	1 150	–	–	–
Vote 5 - FINANCIAL SERVICES	550	–	–	–
Vote 6 - TECHNICAL SERVICES - ENGINEERING	47 271	–	–	–
Vote 7 - TECHNICAL SERVICES - ELECTRICAL	11 187	–	–	–
Vote 8 - COUNCIL	–	–	–	–
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER	–	50	–	–
Vote 10 - FINANCIAL SERVICES	–	–	–	–
Vote 11 - CORPORATE SERVICES	–	–	–	–
Vote 12 - INFRASTRUCTURE SERVICES	–	38 884	29 160	30 463
Vote 13 - COMMUNITY SERVICES	–	5 950	2 486	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–
Capital single-year expenditure sub-total	72 179	44 884	31 647	30 463
Total Capital Expenditure - Vote	72 179	44 884	31 647	30 463

Of the total amount of R 44.884 million for 2018/19, an amount of R 38.884 million has been budgeted for the development of infrastructure, which represents 86.63% of the total capital budget. In the outer years this amount totals R 29.160 million (92.14%) and R 30.463 (100%) respectively for each of the financial years.

CAPITAL PROJECTS							
FUNCTION	PROJECT DESCRIPTION	NEW/UPGRADE OR ADDITIONS/ REHABILITATION OR REFURBISHMENT	SOURCE OF FUNDING	WARD No.	2018/19	2019/20	2020/2021
Sports Grounds and Stadiums	Paving of parking area. Refurbishment of reservoir. Change rooms with ablution facilities. Construction of guard house. Blocking sewer problem	Upgrade	MIG	Ward 5	R 2 486 103	R 2 486 103	
Solid Waste Removal	Construction of berm and cells	Upgrade	MIG	Ward 12, 13	R 2 964 000		
Water Distribution	EIA, equipping of boreholes and construction of balancing reservoirs, installations of pipelines	Upgrade	MIG	Ward 1, Aberdeen	R 4 207 849	R 6 424 334	R 892 587
Roads	Roads and storm water drainage	Upgrade	MIG	Ward 10, 11	R 2 727 675	R 2 146 400	R 0.00
Water Distribution	Investigations into new resources for Bulk water, EIA's, installation and equipment of boreholes	Upgrade	MIG	Ward 8,9,13	R -	R 4 050 141	R 5 500 000
Roads	Roads and storm water drainage	Upgrade	MIG	Ward 10, 11	R -	R 2 314 200	
Storm Water Management	Roads and storm water drainage	Rehabilitation	MIG	Ward 5, 6	R 444 511		
Roads	Roads and storm water drainage	Rehabilitation	MIG	Ward 5, 6	R3 799 112	R 2 040 422	
Water Distribution	Construction of steel reservoir, 315mm bulk rising main, pipelines and borehole stations	new	RBIG	Ward 2,3,4,5,6,7,14	R5 000 000	R 3 500 000	R 2 000 000
Roads	Roads and storm water drainage	Upgrade	MIG	Ward 12, 13	R 2 624 400		R 14 079 913
Water Distribution	Refurbish boreholes in Jansenville well field. Refurbish weir and channel. Construct new raw bulk water mains from dam to WTW. New WTW in	Upgrade	RBIG	Ward 10, 11	R 5 000 000	R 2 000 000	R 1 500 000

	Klipplaat and pumping main to Jansenville Reservoirs						
Project Management Unit	Acquisition of new computers - PMU	New	MIG	All	R 12 000		
Project Management Unit	Acquisition of new office furniture - PMU	NEW	MIG	ALL	R 5 600		
Electricity	Acquisition of new plate compactors	New	INTERNAL	All	R 30 000		
Electricity	Upgrade stores building	Upgrade	INTERNAL	ALL	R 60 000		
Waste water management	Acquisition of new lab instruments- waste water management	new	INTERNAL	all	R 120 000		
Electricity	Upgrading of MV/LV Infrastructure at Kroonvale	Upgrade	DOE	All	R 4 500 000		
Electricity	Upgrading of MV Switchgear in Main intake substation and upgrading of NMD	Upgrade	DOE	All		R 6 400 000	R 6 400 000
Electricity	Purchase new tools (4 x small generators; 5 x drilling machines; 5 x chain saws; 3 x ladders; 4 x volt test)	new	INTERNAL	all	R 132 350	R 75 000	R 90 500
Electricity	Upgrade overload powerlines	Upgrade	INTERNAL	7 & 8	R 470 400		
communications	New digital camera - communication	new	INTERNAL	all	R 7 000	-	-
communications	2G Digital voice recorder	New	INTERNAL	all	R 1 600		
internal audit	Overhead projector	New	FMG	All	R 3 500		
internal audit	Office furniture	New	FMG	All	R 22 000		
internal audit	Hot appliances	New	FMG	All	R 500		
internal audit	Air conditioners	New	FMG	All	R 15 000		
waste management	Skips	New	INTERNAL	all	R 250 000		
waste management	Small Plant: Weed eaters, chain saw, hedge cutters, blowers, grinders, drills, welding machines, etc	new	INTERNAL	All	R 250 000		
Water Distribution	Willowmore Bulk Water Supply: Additional Resources and development of new boreholes and pipelines	new	OTP	All	R 9 750 000	R 210 000	
					R 44 883 600	R 31 646 600	R 30 463 000

1.7 ANNUAL BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2018/19 Budget and MTREF to be considered for approval by Council.

EC101 Dr. Beyers Naude - Table A1 Budget Summary

Description R thousands	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	-	-	21 626	43 595	39 445	39 445	39 445	29 579	31 354	33 235
Service charges	-	-	117 962	147 286	155 081	155 081	155 081	152 796	161 964	171 682
Investment revenue	-	-	1 696	1 377	2 339	2 339	2 339	2 015	2 136	2 265
Transfers recognised - operational	-	-	101 847	107 439	113 919	113 919	113 919	97 527	100 326	105 744
Other own revenue	-	-	15 222	17 224	15 349	15 349	15 349	15 925	16 880	17 893
Total Revenue (excluding capital transfers and contributions)	-	-	258 353	316 921	326 134	326 134	326 134	297 842	312 661	331 819
Employee costs	-	-	100 826	126 434	127 372	127 372	127 372	132 086	140 011	148 412
Remuneration of councillors	-	-	7 377	9 195	9 324	9 324	9 324	9 884	10 477	11 105
Depreciation & asset impairment	-	-	65 157	71 165	65 165	65 165	65 165	35 453	37 580	39 835
Finance charges	-	-	-	328	5 298	5 298	5 298	5 576	5 966	6 384
Materials and bulk purchases	-	-	69 019	61 837	82 000	82 000	82 000	88 002	93 283	93 283
Transfers and grants	-	-	14	67	187	187	187	199	211	224
Other expenditure	-	-	123 699	128 908	150 957	150 957	150 957	109 881	109 575	115 427
Total Expenditure	-	-	366 091	397 934	440 304	440 304	440 304	381 081	397 103	414 669
Surplus/(Deficit)	-	-	(107 737)	(81 012)	(114 169)	(114 169)	(114 169)	(83 238)	(84 442)	(82 850)
Transfers and subsidies - capital (monetary alloc	-	-	66 239	64 760	73 125	73 125	73 125	44 517	32 718	31 450
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)
Capital expenditure & funds sources										
Capital expenditure	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Transfers recognised - capital	-	-	62 396	64 460	71 513	71 513	71 513	43 562	31 572	30 373
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	300	666	666	666	1 321	75	91
Total sources of capital funds	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Financial position										
Total current assets	-	-	76 347	71 685	48 651	48 651	48 651	52 822	48 440	44 808
Total non current assets	-	-	1 188 515	1 258 321	1 187 109	1 187 109	1 187 109	1 256 305	1 250 372	1 241 000
Total current liabilities	-	-	150 384	79 646	121 283	121 283	121 283	162 775	201 753	237 693
Total non current liabilities	-	-	58 797	55 556	58 797	58 797	58 797	62 486	64 486	66 486
Community wealth/Equity	-	-	1 055 680	1 194 784	1 055 680	1 055 680	1 055 680	1 083 866	1 032 573	981 630
Cash flows										
Net cash from (used) operating	-	-	94 107	(22 808)	33 004	33 004	33 004	39 979	32 138	31 273
Net cash from (used) investing	-	-	(58 806)	(58 167)	(65 586)	(65 586)	(65 586)	(44 884)	(31 647)	(30 463)
Net cash from (used) financing	-	-	-	2 138	75	75	75	14	-	-
Cash/cash equivalents at the year end	-	-	38 271	(78 280)	5 764	5 764	5 764	874	1 385	2 175
Cash backing/surplus reconciliation										
Cash and investments available	-	-	38 271	5 297	7 931	7 931	7 931	2 374	2 865	3 675
Application of cash and investments	-	-	113 562	6 025	75 644	75 644	75 644	114 782	156 377	195 845
Balance - surplus (shortfall)	-	-	(75 291)	(727)	(67 713)	(67 713)	(67 713)	(112 408)	(153 511)	(192 170)
Asset management										
Asset register summary (WDV)	-	-	1 188 515	1 258 321	1 197 252	1 201 537		1 187 109	1 256 305	1 250 372
Depreciation	-	-	65 157	71 165	65 165	65 165		35 453	37 580	39 835
Renewal of Existing Assets	-	-	-	-	-	-		4 244	2 040	-
Repairs and Maintenance	-	-	4 506	17 854	9 761	9 761		18 285	19 383	20 545
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	21 778	21 778	23 084	24 469
Revenue cost of free services provided	-	-	-	-	-	-	5 133	5 133	5 441	5 767
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	0	0	0	0
Energy:	-	-	0	-	-	-	-	-	-	-
Refuse:	-	-	3	3	3	-	3	3	3	3

EC101 Dr. Beyers Naude - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	134 777	153 844	149 548	149 548	67 479	69 413	72 649
Executive and council		-	-	24 856	14 940	12 755	12 755	5 600	6 055	6 528
Finance and administration		-	-	109 921	138 903	136 793	136 793	61 879	63 358	66 121
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	10 296	11 058	5 831	5 831	18 597	19 678	18 425
Community and social services		-	-	2 554	334	2 370	2 370	12 755	13 735	14 760
Sport and recreation		-	-	71	175	69	69	2 498	2 498	13
Public safety		-	-	5 732	10 535	2 087	2 087	1 966	2 084	2 209
Housing		-	-	731	14	97	97	98	4	4
Health		-	-	1 208	-	1 208	1 208	1 280	1 357	1 438
<i>Economic and environmental services</i>		-	-	25 884	599	41 162	41 162	15 794	12 520	20 323
Planning and development		-	-	175	189	37 069	37 069	2 364	1 484	1 436
Road transport		-	-	25 709	410	4 093	4 093	13 430	11 036	18 887
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	153 545	215 851	202 185	202 185	239 905	243 147	251 215
Energy sources		-	-	89 037	105 934	113 013	113 013	119 090	128 124	135 667
Water management		-	-	38 319	62 543	59 520	59 520	69 328	63 502	60 418
Waste water management		-	-	23 013	35 841	15 417	15 417	25 064	26 400	28 266
Waste management		-	-	3 176	11 533	14 237	14 237	26 423	25 121	26 864
<i>Other</i>	4	-	-	91	330	533	533	585	620	657
Total Revenue - Functional	2	-	-	324 592	381 682	399 259	399 259	342 359	345 379	363 269
Expenditure - Functional										
<i>Governance and administration</i>		-	-	120 694	127 780	153 832	153 832	109 413	110 420	116 564
Executive and council		-	-	28 212	36 173	45 416	45 416	24 927	25 795	27 308
Finance and administration		-	-	92 482	91 518	108 318	108 318	84 106	84 446	89 067
Internal audit		-	-	-	89	99	99	381	179	189
<i>Community and public safety</i>		-	-	26 809	34 193	27 904	27 904	28 592	30 154	31 947
Community and social services		-	-	3 665	4 817	4 625	4 625	4 454	4 719	5 000
Sport and recreation		-	-	13 429	15 597	15 700	15 700	16 102	17 058	18 071
Public safety		-	-	7 030	9 488	3 537	3 537	4 297	4 552	4 825
Housing		-	-	377	11	94	94	94	-	-
Health		-	-	2 307	4 282	3 948	3 948	3 645	3 826	4 051
<i>Economic and environmental services</i>		-	-	20 649	44 682	45 441	45 441	46 768	48 584	51 459
Planning and development		-	-	2 590	6 572	20 086	20 086	19 384	19 579	20 732
Road transport		-	-	18 059	38 110	25 354	25 354	27 384	29 006	30 727
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	195 886	189 136	210 529	210 529	193 938	205 437	212 045
Energy sources		-	-	93 702	88 250	110 568	110 568	113 536	120 313	121 904
Water management		-	-	47 410	43 131	48 514	48 514	44 051	46 614	49 340
Waste water management		-	-	42 173	41 170	30 781	30 781	17 971	19 033	20 161
Waste management		-	-	12 601	16 585	20 665	20 665	18 380	19 478	20 641
<i>Other</i>	4	-	-	2 053	2 143	2 599	2 599	2 369	2 507	2 654
Total Expenditure - Functional	3	-	-	366 091	397 934	440 304	440 304	381 081	397 103	414 669
Surplus/(Deficit) for the year		-	-	(41 498)	(16 252)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)

EC101 Dr. Beyers Naude - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	25 030	15 129	12 975	12 975	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	2 797	661	3 100	3 100	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	5 484	12 282	16 378	16 378	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	5 732	10 535	5 874	5 874	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	109 471	138 347	136 063	136 063	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	87 041	98 795	111 856	111 856	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	89 037	105 934	113 013	113 013	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	20	21	22
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	60 808	62 223	64 917
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	16 681	18 015	19 407
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	225 012	226 027	239 883
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	39 839	39 093	39 039
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	324 592	381 682	399 259	399 259	342 359	345 379	363 269
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	32 256	44 179	51 133	51 133	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	19 485	26 370	22 388	22 388	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	30 029	38 271	42 860	42 860	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	7 030	9 488	8 410	8 410	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	75 947	68 965	88 280	88 280	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	107 643	122 411	116 665	116 665	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	93 702	88 250	110 568	110 568	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	11 743	11 962	12 671
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	62 565	61 888	65 177
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	38 972	40 663	43 051
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	214 018	225 747	233 546
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	53 782	56 843	60 225
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	366 091	397 934	440 304	440 304	381 081	397 103	414 669
Surplus/(Deficit) for the year	2	-	-	(41 498)	(16 252)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)

EC101 Dr. Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	-	-	21 626	43 595	39 445	39 445	39 445	29 579	31 354	33 235
Service charges - electricity revenue	2	-	-	86 523	92 106	97 672	97 672	97 672	101 549	107 642	114 101
Service charges - water revenue	2	-	-	24 280	30 538	29 304	29 304	29 304	25 470	26 998	28 618
Service charges - sanitation revenue	2	-	-	3 116	14 866	15 409	15 409	15 409	10 301	10 919	11 574
Service charges - refuse revenue	2	-	-	3 176	8 889	11 680	11 680	11 680	11 463	12 151	12 880
Service charges - other				867	888	1 015	1 015	1 015	4 013	4 254	4 509
Rental of facilities and equipment				592	1 074	783	783	783	849	900	954
Interest earned - external investments				1 696	1 377	2 339	2 339	2 339	2 015	2 136	2 265
Interest earned - outstanding debtors				5 859	1 867	2 768	2 768	2 768	9 713	10 296	10 914
Dividends received				-	-	-	-	-			
Fines, penalties and forfeits				77	100	72	72	72	76	81	85
Licences and permits				4 125	5 972	1 416	1 416	1 416	1 501	1 591	1 686
Agency services				329	334	2 530	2 530	2 530	2 682	2 843	3 013
Transfers and subsidies				101 847	107 439	113 919	113 919	113 919	97 527	100 326	106 744
Other revenue	2	-	-	691	1 284	1 189	1 189	1 189	1 104	1 170	1 240
Gains on disposal of PPE				3 550	6 593	6 593	6 593	6 593	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	258 353	316 921	326 134	326 134	326 134	297 842	312 661	331 819
Expenditure By Type											
Employee related costs	2	-	-	100 826	126 434	127 372	127 372	127 372	132 086	140 011	148 412
Remuneration of councillors				7 377	9 195	9 324	9 324	9 324	9 884	10 477	11 105
Debt impairment	3			32 833	8 860	14 860	14 860	14 860	3 500	3 710	3 933
Depreciation & asset impairment	2	-	-	65 157	71 165	65 165	65 165	65 165	35 453	37 580	39 835
Finance charges					328	5 298	5 298	5 298	5 576	5 966	6 384
Bulk purchases	2	-	-	69 019	61 837	82 000	82 000	82 000	88 002	93 283	93 283
Other materials	8										
Contracted services		-	-	3 417	3 563	11 610	11 610	11 610	15 268	16 184	17 155
Transfers and subsidies		-	-	14	67	187	187	187	199	211	224
Other expenditure	4, 5	-	-	87 296	116 447	124 450	124 450	124 450	91 113	89 681	94 340
Loss on disposal of PPE				152	37	37	37	37	-	-	-
Total Expenditure		-	-	366 091	397 934	440 304	440 304	440 304	381 081	397 103	414 669
Surplus/(Deficit)		-	-	(107 737)	(81 012)	(114 169)	(114 169)	(114 169)	(83 238)	(84 442)	(82 850)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				66 239	64 760	73 125	73 125	73 125	44 517	32 718	31 450
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)
Taxation											
Surplus/(Deficit) after taxation		-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(38 721)	(51 724)	(51 400)

EC101 Dr. Beyers Naude - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	-	-	-	-	-	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	118	-	2 302	2 302	2 302	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	238	-	69	69	69	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	1 636	-	9 650	9 650	9 650	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	4 094	1 150	1 150	1 150	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	324	1 510	550	550	550	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	57 360	51 857	47 271	47 271	47 271	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	2 719	7 300	11 187	11 187	11 187	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	50	-	-
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	38 884	29 160	30 463
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	-	5 950	2 486	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Total Capital Expenditure - Vote		-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Capital Expenditure - Functional											
Governance and administration		-	-	658	1 510	2 426	2 426	2 426	50	-	-
Executive and council				96		1 630	1 630	1 630			
Finance and administration				324	1 510	550	550	550	9		
Internal audit				238		246	246	246	41		
Community and public safety		-	-	158	4 094	3 065	3 065	3 065	2 486	2 486	-
Community and social services				-		-	-	-			
Sport and recreation				158		1 915	1 915	1 915	2 486	2 486	
Public safety					4 094	1 150	1 150	1 150			
Housing						-	-	-			
Health						-	-	-			
Economic and environmental services		-	-	8 261	2 320	7 083	7 083	7 083	9 169	6 501	14 080
Planning and development				22		426	426	426	18		
Road transport				8 239	2 320	6 656	6 656	6 656	9 151	6 501	14 080
Environmental protection						-	-	-			
Trading services		-	-	53 320	56 836	59 537	59 537	59 537	33 179	22 659	16 383
Energy sources				2 719	7 300	11 187	11 187	11 187	5 103	6 475	6 491
Water management				2 364	43 306	31 285	31 285	31 285	24 048	16 184	9 893
Waste water management				46 758	6 231	9 329	9 329	9 329	565		
Waste management				1 479	-	7 736	7 736	7 736	3 464	-	-
Other						69	69	69			
Total Capital Expenditure - Functional	3	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Funded by:											
National Government				62 396	64 460	69 363	69 363	69 363	33 812	31 362	30 373
Provincial Government						-	-	-	9 750	210	
District Municipality						2 150	2 150	2 150			
Other transfers and grants						-	-	-			
Transfers recognised - capital	4	-	-	62 396	64 460	71 513	71 513	71 513	43 562	31 572	30 373
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					300	666	666	666	1 321	75	91
Total Capital Funding	7	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463

EC101 Dr. Beyers Naude - Table A6 Budgeted Financial Position

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS												
Current assets												
Cash					5 617	6 880	6 880	6 880	6 880	874	1 365	2 175
Call investment deposits	1	-	-		32 654	-	1 050	1 050	1 050	1 500	1 500	1 500
Consumer debtors	1	-	-		19 518	34 769	22 388	22 388	22 388	31 749	31 213	30 771
Other debtors					12 136	26 804	12 833	12 833	12 833	11 862	7 862	3 862
Current portion of long-term receivables					-	-	-	-	-			
Inventory	2				6 421	3 212	5 500	5 500	5 500	6 837	6 500	6 500
Total current assets			-	-	76 347	71 665	48 651	48 651	48 651	52 822	48 440	44 808
Non current assets												
Long-term receivables												
Investments												
Investment property					67 783	92 819	67 783	67 783	67 783	67 783	67 783	67 783
Investment in Associate												
Property, plant and equipment	3	-	-		1 107 025	1 161 816	1 105 620	1 105 620	1 105 620	1 173 776	1 167 843	1 158 471
Agricultural						-	-	-	-			
Biological						701	-	-	-			
Intangible					253	139	253	253	253	1 293	1 293	1 293
Other non-current assets					13 453	2 845	13 453	13 453	13 453	13 453	13 453	13 453
Total non current assets			-	-	1 188 515	1 258 321	1 187 109	1 187 109	1 187 109	1 256 305	1 250 372	1 241 000
TOTAL ASSETS			-	-	1 264 861	1 329 985	1 235 760	1 235 760	1 235 760	1 309 127	1 298 812	1 285 809
LIABILITIES												
Current liabilities												
Bank overdraft	1					1 583	-	-	-			
Borrowing	4	-	-		-	828	-	-	-	-	-	-
Consumer deposits					2 885	3 683	2 960	2 960	2 960	2 974	3 064	3 154
Trade and other payables	4	-	-		145 447	67 027	109 746	109 746	109 746	155 817	193 705	229 554
Provisions					2 052	6 525	8 577	8 577	8 577	3 984	4 984	4 984
Total current liabilities			-	-	150 384	79 646	121 283	121 283	121 283	162 775	201 753	237 693
Non current liabilities												
Borrowing		-	-		-	10 709	-	-	-	-	-	-
Provisions		-	-		58 797	44 847	58 797	58 797	58 797	62 486	64 486	66 486
Total non current liabilities			-	-	58 797	55 556	58 797	58 797	58 797	62 486	64 486	66 486
TOTAL LIABILITIES			-	-	209 181	135 201	180 080	180 080	180 080	225 261	266 239	304 178
NET ASSETS		5	-	-	1 055 680	1 194 784	1 055 680	1 055 680	1 055 680	1 083 866	1 032 573	981 630
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)					1 045 171	1 181 980	1 045 171	1 045 171	1 045 171	1 073 357	1 022 064	971 121
Reserves	4	-	-		10 509	12 804	10 509	10 509	10 509	10 509	10 509	10 509
TOTAL COMMUNITY WEALTH/EQUITY		5	-	-	1 055 680	1 194 784	1 055 680	1 055 680	1 055 680	1 083 866	1 032 573	981 630

EC101 Dr. Beyers Naude - Table A7 Budgeted Cash Flows

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates					21 626	43 595	37 473	37 473	37 473	29 356	31 117	32 984
Service charges					122 179	147 286	149 956	149 956	149 956	148 364	157 266	166 702
Other revenue					5 736	8 765	5 989	5 989	5 989	6 181	6 552	6 945
Government - operating		1			75 886	107 439	113 919	113 919	113 919	97 527	100 326	106 744
Government - capital		1			76 353	64 760	73 125	73 125	73 125	44 517	32 718	31 450
Interest					7 556	3 243	2 339	2 339	2 339	11 729	12 432	13 178
Dividends					-	-	-	-	-	-	-	-
Payments												
Suppliers and employees					(213 723)	(397 501)	(344 312)	(344 312)	(344 312)	(292 327)	(302 528)	(320 581)
Finance charges					(1 492)	(328)	(5 298)	(5 298)	(5 298)	(5 169)	(5 534)	(5 926)
Transfers and Grants		1			(14)	(67)	(187)	(187)	(187)	(199)	(211)	(224)
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	-	94 107	(22 808)	33 004	33 004	33 004	39 979	32 138	31 273
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE					3 590	6 593	6 593	6 593	6 593	-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets					(62 396)	(64 760)	(72 179)	(72 179)	(72 179)	(44 884)	(31 647)	(30 463)
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	-	(58 806)	(58 167)	(65 586)	(65 586)	(65 586)	(44 884)	(31 647)	(30 463)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans						-	-	-	-	-	-	-
Borrowing long term/refinancing						-	-	-	-	-	-	-
Increase (decrease) in consumer deposits						2 138	75	75	75	14	-	-
Payments												
Repayment of borrowing										-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	2 138	75	75	75	14	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			-	-	35 301	(78 837)	(32 507)	(32 507)	(32 507)	(4 890)	491	810
Cash/cash equivalents at the year begin:		2			2 970	557	38 271	38 271	38 271	5 764	874	1 365
Cash/cash equivalents at the year end:		2	-	-	38 271	(78 280)	5 764	5 764	5 764	874	1 365	2 175

EC101 Dr. Beyers Naude - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	38 271	(78 280)	5 764	5 764	5 764	874	1 365	2 175
Other current investments > 90 days		-	-	-	83 577	2 166	2 166	2 166	1 500	1 500	1 500
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	38 271	5 297	7 931	7 931	7 931	2 374	2 865	3 675
Application of cash and investments											
Unspent conditional transfers		-	-	35 700	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	77 862	6 025	75 644	75 644	75 644	114 782	156 377	195 845
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	113 562	6 025	75 644	75 644	75 644	114 782	156 377	195 845
Surplus(shortfall)		-	-	(75 291)	(727)	(67 713)	(67 713)	(67 713)	(112 408)	(153 511)	(192 170)

EC101 Dr. Beyers Naude - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	62 396	64 760	6 954	6 954	15 600	3 785	2 091
Roads Infrastructure		-	-	31 606	320	-	-	-	-	-
Storm water Infrastructure		-	-	-	2 000	-	-	-	-	-
Electrical Infrastructure		-	-	2 620	7 300	336	336	-	-	-
Water Supply Infrastructure		-	-	2 364	43 306	-	-	14 750	3 710	2 000
Sanitation Infrastructure		-	-	23 367	6 231	-	-	-	-	-
Solid Waste Infrastructure		-	-	1 479	-	426	426	250	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	61 436	59 157	762	762	15 000	3 710	2 000
Community Facilities		-	-	-	4 094	-	-	-	-	-
Sport and Recreation Facilities		-	-	158	-	1 547	1 547	-	-	-
Community Assets		-	-	158	4 094	1 547	1 547	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	150	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	150	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	49	-	360	360	-	-	-
Intangible Assets		-	-	49	-	360	360	-	-	-
Computer Equipment		-	-	238	620	1 661	1 661	24	-	-
Furniture and Office Equipment		-	-	343	200	301	301	43	-	-
Machinery and Equipment		-	-	22	290	223	223	532	75	91
Transport Assets		-	-	-	400	2 100	2 100	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Renewal of Existing Assets	2	-	-	-	-	-	-	4 244	2 040	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	3 799	2 040	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	445	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	4 244	2 040	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	25 040	25 821	28 373
<i>Roads Infrastructure</i>		-	-	-	-	-	-	2 624	2 314	14 080
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	2 728	2 146	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	4 970	6 400	6 400
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	9 208	12 474	7 893
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	2 964	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	22 494	23 335	28 373
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	2 486	2 486	-
Community Assets		-	-	-	-	-	-	2 486	2 486	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	60	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	60	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Capital Expenditure	4									
Roads Infrastructure		-	-	31 606	320	-	-	6 424	4 355	14 080
Storm water Infrastructure		-	-	-	2 000	-	-	3 172	2 146	-
Electrical Infrastructure		-	-	2 620	7 300	336	336	4 970	6 400	6 400
Water Supply Infrastructure		-	-	2 364	43 306	-	-	23 958	16 184	9 893
Sanitation Infrastructure		-	-	23 367	6 231	-	-	-	-	-
Solid Waste Infrastructure		-	-	1 479	-	426	426	3 214	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	61 436	59 157	762	762	41 738	29 085	30 373
Community Facilities		-	-	-	4 094	-	-	-	-	-
Sport and Recreation Facilities		-	-	158	-	1 547	1 547	2 486	2 486	-
Community Assets		-	-	158	4 094	1 547	1 547	2 486	2 486	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	150	-	-	-	60	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	150	-	-	-	60	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	49	-	360	360	-	-	-
Intangible Assets		-	-	49	-	360	360	-	-	-
Computer Equipment		-	-	238	620	1 661	1 661	24	-	-
Furniture and Office Equipment		-	-	343	200	301	301	43	-	-
Machinery and Equipment		-	-	22	290	223	223	532	75	91
Transport Assets		-	-	-	400	2 100	2 100	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	62 396	64 760	6 954	6 954	44 884	31 647	30 463
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure				31 606	239 561	211 206	211 206	208 445	208 928	213 604
Storm water Infrastructure						2 946	2 946	1 268	8 415	8 415
Electrical Infrastructure				2 620	127 716	130 543	130 543	128 803	169 614	174 092
Water Supply Infrastructure				2 364	312 578	312 450	312 450	309 454	312 179	302 505
Sanitation Infrastructure				55 525	162 207	149 364	149 364	146 728	148 933	145 971
Solid Waste Infrastructure				820 404	29 285	34 251	34 251	31 071	34 593	33 026
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		-	-	912 520	871 347	840 761	840 761	825 769	882 662	877 613
Community Facilities				10 911	151 485	132 934	132 934	132 800	137 658	138 924
Sport and Recreation Facilities						1 615	1 615	3 951	8 278	8 110
Community Assets		-	-	10 911	151 485	134 549	134 549	136 751	145 936	147 034
Heritage Assets				13 453		13 453	13 453	13 453	13 453	13 453
Revenue Generating				67 783	92 819	67 783	67 783	67 783	67 783	67 783
Non-revenue Generating										
Investment properties		-	-	67 783	92 819	67 783	67 783	67 783	67 783	67 783
Operational Buildings				166 489	141 829	140 093	140 093	138 488	138 723	136 852
Housing										
Other Assets		-	-	166 489	141 829	140 093	140 093	138 488	138 723	136 852
Biological or Cultivated Assets										
Servitudes					701	-	-			
Licences and Rights				253	139	613	613	1 293	1 293	1 293
Intangible Assets		-	-	253	841	613	613	1 293	1 293	1 293
Computer Equipment				17 106			1 661	1 506	2 316	2 114
Furniture and Office Equipment							301	225	1 098	1 098
Machinery and Equipment							223	755	1 830	1 921
Transport Assets							2 100	1 086	1 210	1 210
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	1 188 515	1 258 321	1 197 252	1 201 537	1 187 109	1 256 305	1 250 372

EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	65 157	71 165	65 165	65 165	35 453	37 580	39 835
Repairs and Maintenance by Asset Class	3	-	-	4 506	17 854	9 781	9 781	18 285	19 383	20 545
Roads Infrastructure		-	-	321	3 817	1 483	1 483	5 955	6 312	6 691
Storm water Infrastructure		-	-	45	503	503	503	247	262	277
Electrical Infrastructure		-	-	209	892	879	879	4 249	4 504	4 774
Water Supply Infrastructure		-	-	404	2 746	2 911	2 911	3 299	3 497	3 707
Sanitation Infrastructure		-	-	526	1 601	1 315	1 315	1 430	1 516	1 608
Solid Waste Infrastructure		-	-	-	1 227	274	274	600	636	674
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	1 505	10 786	7 366	7 366	15 780	16 727	17 731
Community Facilities		-	-	26	673	312	312	318	337	357
Sport and Recreation Facilities		-	-	2	765	415	415	370	392	416
Community Assets		-	-	28	1 438	727	727	688	729	772
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	94	470	470	470	842	893	947
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	94	470	470	470	842	893	947
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	1 027	3 186	933	933	239	254	269
Furniture and Office Equipment		-	-	228	2	2	2	134	142	150
Machinery and Equipment		-	-	1 624	1 973	246	246	541	573	607
Transport Assets		-	-	-	-	17	17	62	65	69
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	-	69 663	89 018	74 925	74 925	53 738	56 962	60 380
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	65.2%	88.0%	93.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	82.6%	74.1%	71.2%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.4%	1.5%	0.9%	0.9%	1.6%	1.7%	1.8%
<i>Renewal and upgrading and R&M as a % of PPE</i>		0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	4.0%	4.0%	4.0%

EC101 Dr. Beyers Naude - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	17 324	17 324	17 324	-	18 928	18 928	18 928
Piped water inside yard (but not in dwelling)		-	-	1 053	1 053	1 053	-	-	-	-
Using public tap (at least min.service level)	2	-	-	411	411	411	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	18 788	18 788	18 788	-	18 928	18 928	18 928
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	18 788	18 788	18 788	-	18 928	18 928	18 928
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	14 044	14 044	14 044	-	19 717	19 717	19 717
Flush toilet (with septic tank)		-	-	746	746	746	-	-	-	-
Chemical toilet		-	-	3	3	3	-	11	11	11
Pit toilet (ventilated)		-	-	282	282	282	-	274	274	274
Other toilet provisions (> min.service level)		-	-	287	287	287	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	15 362	15 362	15 362	-	20 002	20 002	20 002
Bucket toilet		-	-	-	-	-	-	410	410	410
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	410	410	410
Total number of households	5	-	-	15 362	15 362	15 362	-	20 412	20 412	20 412
Energy:										
Electricity (at least min.service level)		-	-	1 243	1 243	1 243	-	1 204	1 204	1 204
Electricity - prepaid (min.service level)		-	-	6 143	9 864	9 864	-	6 143	6 143	6 143
<i>Minimum Service Level and Above sub-total</i>		-	-	7 386	11 107	11 107	-	7 347	7 347	7 347
Electricity (< min.service level)		-	-	77	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	77	-	-	-	-	-	-
Total number of households	5	-	-	7 463	11 107	11 107	-	7 347	7 347	7 347
Refuse:										
Removed at least once a week		-	-	2 235	2 235	2 235	-	2 235	2 235	2 235
<i>Minimum Service Level and Above sub-total</i>		-	-	2 235	2 235	2 235	-	2 235	2 235	2 235
Removed less frequently than once a week		-	-	523	523	523	-	523	523	523
Using communal refuse dump		-	-	865	865	865	-	865	865	865
Using own refuse dump		-	-	523	523	523	-	523	523	523
Other rubbish disposal		-	-	720	720	720	-	720	720	720
No rubbish disposal		-	-	124	124	124	-	124	124	124
<i>Below Minimum Service Level sub-total</i>		-	-	2 755	2 755	2 755	-	2 755	2 755	2 755
Total number of households	5	-	-	4 990	4 990	4 990	-	4 990	4 990	4 990
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	8 036	7 690	7 690	-	7 692	7 692	7 692
Sanitation (free minimum level service)		-	-	6 376	6 580	6 580	-	6 610	6 610	6 610
Electricity/other energy (50kwh per household per month)		-	-	3 469	3 496	3 496	-	3 493	3 493	3 493
Refuse (removed at least once a week)		-	-	6 510	6 705	6 705	-	6 732	6 732	6 732
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	5 968	6 326	6 706
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	6 032	6 394	6 778
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	3 019	3 200	3 392
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	6 758	7 164	7 593
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	21 778	23 084	24 469
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)				6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)				84	89	89	89	95	100	106
Electricity (kwh per household per month)				50	50	50	50	50	50	50
Refuse (average litres per week)				54	57	57	57	83	88	93
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	5 133	5 441	5 767
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	-	-	-	-	-	-	5 133	5 441	5 767

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2017 after the approval of a timetable to guide the preparation of the 2018/19 to 2020/21 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business and labour, during April/May 2018. The main aim of the timetable was to ensure that an IDP and a balanced Budget are tabled in May 2018. The Budget will be tabled by the Mayor at a Council meeting scheduled for 27 March 2018. After this meeting, it will be submitted to National and Provincial Treasury.

The budget consultation process will take the form of a series of public meetings in the various wards under the direction and leadership of the Mayor. The inputs of the aforementioned consultations will be taken into account, whilst the Mayor will table the IDP and Budget for consideration and approval at a Council meeting to be held on 31 May 2018.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The draft budget was considered by the Budget Steering Committee under the direction of the Mayor. The Budget Steering Committee consist of the Mayor, the Chairperson of the Budget and Treasury Standing Committee, the Municipal Manager and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation;
- There is proper alignment between the service delivery priorities as set out in the Municipality's IDP and the Budget, taking into account the need to maintain the financial sustainability of the Municipality;
- The Municipality's revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP & Budget Timetable 2018/19 to 2020/21

The preparation of the 2018/19 to 2020/22 IDP and Budget were guided by the following schedule of key deadlines as approved by Council on 10 August 2017.

Activity	Date
IDP/Budget Schedule approved by Council	10 August 2017
Tabling of draft IDP and Budget in Council	27 March 2018
Public Participation	04 April to 30 April 2018
Final adoption of IDP and Budget by Council	29 May 2018

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2018/19 to 2020/21 Operating and Capital Budgets were prepared in accordance with the IDP.

The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The budget consultation process will take the form of a series of meetings to be held throughout the municipal area with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

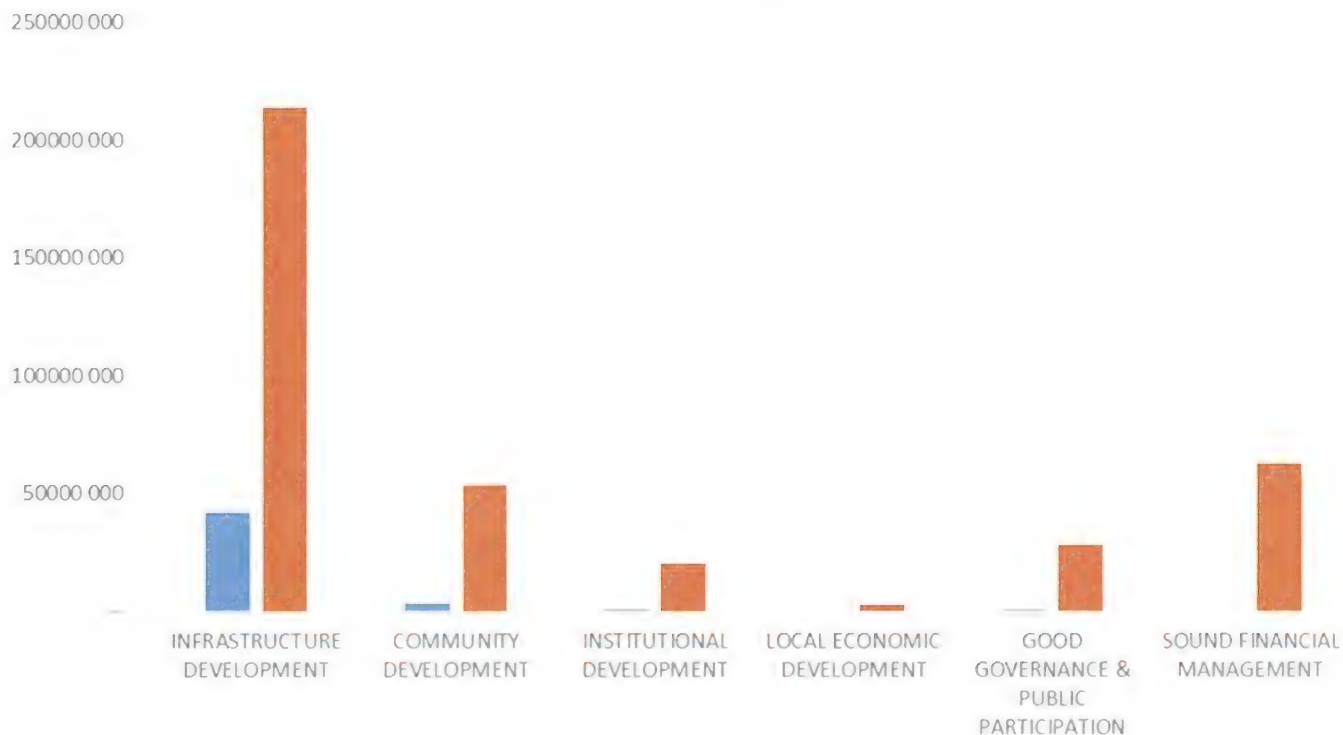
Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	BACK TO BASICS		TOTAL
					GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	
CAPITAL EXPENDITURE	41 830	2 986	18		50		44 884
OPERATIONAL EXPENDITURE	214 018	53 782	20 049	2 621	28 045	62 565	381 081

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

CAPITAL EXPENDITURE ACCORDING TO IDP PRIORITIES



2.3 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

All budget related policies are currently being updated and/or developed. Policies will be workshopped extensively with all stakeholders.

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- Raising of loan funding should be considered to address critical needs.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- No growth in property rates income has been provided for. The municipality is currently in process of appointing a Valuer to complete the new valuation roll which will become effective July 2019.

The Municipality faced the following significant challenges in preparing the 2018/19 – 2020/21 Budget:

- Fully implementing cost containment measures;
- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Dealing with an unfunded budget of the past and measures to address this in the future
- Different tariff structures in the different towns
- Creditors inherited from former municipalities which is still placing financial strain on the cash flow
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Maintaining an acceptable cost coverage ratio;

The multi-year budget is therefore underpinned by the following assumptions:

	2018/19	2019/20	2020/21
Income	%	%	%
Tariff Increases for water	6	6	6
Tariff Increases for sanitation	6	6	6
Tariff Increases for refuse	7	6	6
Property rates increase	6	6	6
Electricity tariff increase (on average)	7	7	7
Revenue collection rates	93	93	93
Expenditure increases allowed	5.2	6	6
Salary increase	6	6	6
Increase in bulk purchase of electricity costs	7.32	6	6

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

The following table provides a breakdown of operating revenue over the medium-term:

Table 7 (Breakdown of the operating revenue over the medium-term)

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Revenue By Source</u>				
Property rates	39 445	29 579	31 354	33 235
Service Charges	155 081	152 796	161 964	171 682
Transfers and subsidies	113 919	97 527	100 326	106 744
Other revenue	18 704	17 940	19 017	20 158
	327 149	297 842	312 661	331 819

2.5.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2018/19 medium-term capital programme:

Table 8 (Sources of capital revenue over the MTREF)

Vote Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:				
National Government	69 363	33 812	31 362	30 373
Provincial Government	–	9 750	210	
District Municipality	2 150			
Other transfers and grants	–			
Transfers recognised - capital	71 513	43 562	31 572	30 373
Public contributions & donations				
Borrowing				
Internally generated funds	666	1 321	75	91
Total Capital Funding	72 179	44 884	31 647	30 463

2.5.3 Medium-term outlook: Borrowing

The municipality should consider raising loans for capital items required from own funds as well as buying vehicles instead of leasing. The leasing of vehicles will cost the municipality more than R10 million per year.

The municipality should also consider a bank overdraft to a maximum of R30 million to address immediate cash flow constraints.

2.5.4 Medium-term outlook: Working towards a funded budget

The current budget is unfunded. R44 million is needed to fund the current proposed operating budget. The municipality is also still struggling with long outstanding creditors which was transferred to Dr Beyers Naude through amalgamation. Trade creditors at year-end (2017/18) will be approximately R73 million.

The municipality will be addressing the following issues to ensure a positive move towards a funded budget:

- Replacing the faulty meters within all areas thus limiting losses and increasing revenue
- Standardising tariffs in all areas
- Calculating cost reflective tariffs and implementation thereof
- Embarking on the new valuation roll for Dr Beyers Naude. Currently the valuation rolls of the 3 former municipalities are still being used, with former Ikwezi's roll being older than 6 years
- Continuing to implement cost containment measures

2.6 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality will be making the following allocations:

- Tourism - R127 200
- SPCA - R20 000

2.7 COUNCILLORS AND EMPLOYEE BENEFITS

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

The following tables set out the allowances and employee benefits budgeted for the 2017/2018 budget year:

The municipality has the fourteen (27) councillors, consisting of one fulltime Executive mayor, four Exco Members also chairpersons of sec. 79 committees and one MPAC chairperson of which the allowances are set out in table below.

Upper Limits - Councillors				
Position	Number	Salary	Allowances	Total Remuneration Package
Executive Mayor	1	843 668	47 064	890 732
Speaker (Full-time)	1	674 935	47 064	721 999
EXCO Members	4	352 999	47 064	1 600 252
Committee Chairpersons	1	342 637	47 064	389 701
Part time councillors	20	266 990	47 064	6 281 080
Total				9 883 764

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Senior Managers of the Municipality						
Municipal Manager (MM)	1 356 548		43 248			1 399 796
Chief Finance Officer	1 108 867		43 248			1 152 115
Director Corporate Services	1 108 867		43 248			1 152 115
Director Community Services	1 108 867		43 248			1 152 115
Director Infrastructure	1 202 595		43 248			1 245 843

2.8 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2018/19 financial year will be approved by the Mayor during June 2018, following the approval of the Budget.

2.9 LEGISLATION COMPLIANCE STATUS

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A draft revised 2018/19 IDP has been developed, which will be considered at a Council meeting held on 27 March 2018. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP. The final version of the revised 2018/19 IDP will be considered at a Council meeting scheduled for 29 May 2018.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2016/17 Annual Report was tabled in January 2018.

Oversight Report

The Municipal Public Accounts Committee has considered the 2016/17 Annual report. Its Oversight Report was considered and will be approved at a Council meeting held on 27 March 2018.

In-Year Reporting

The municipality submits the various reports required to the Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality's Internal Audit Function is performed in-house and reports to the Municipal Manager and is operating in accordance with an audit plan.

In relation to the 2018/19 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Working towards an unqualified audit status.

Internship Programme

The Municipality has a total of seven Interns on the Municipal Financial Management Internship programme, as approved by National Treasury.

Municipal Standard Chart of Accounts (mSCOA)

The municipality is still struggling with full compliance . Data strings are uploaded and returned with errors. The municipality is continuously working on reaching full compliance

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Quality Certificate

I, EDWARD MARTIN RANKWANA, Municipal Manager of Dr Beyers Naude Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : EDWARD MARTIN RANKWANA

MUNICIPAL MANAGER OF DR BEYERS NAUDE MUNICIPALITY (EC101)

Signature :



Date :



ANNEXURE A – SERVICE DELIVERY STANDARDS